



SBA Alaska District Office

Litigation Plans and Legal Expenses

Statement about legal expenses

SBA Policy allows the reimbursement of legal fees and costs to the extent that SBA Counsel determines these are necessary, reasonable, and customary in the locality in question. The National Guaranty Purchase Center (NGPC) reviews all routine legal expenses under \$10,000. All other expenses, either non-routine or \$10,000 or over, are sent to the appropriate SBA District Counsel.

When reviewing a legal expense reimbursement request for routine litigation, generally NGPC Counsel makes an assessment as to whether the expense was prudent, reasonable and necessary. Furthermore, Counsel will normally approve the reimbursement if the lender is able to illustrate that this expense, which did not result in any recovery, was indeed prudent, reasonable, and in-line with the standard practices of the lender and locality in question. It is incumbent upon the lender, however, to demonstrate that to the Counsel. Lenders must include information in their requests that specifically supports their decision to incur into legal expenses even though no recoveries were obtained. They need to demonstrate that their decision was prudent, reasonable, or standard practice for the lender.

If a lender who has had legal expenses denied solely on the basis of no recovery may ask for a reconsideration of the request, but they must include a statement as to why the expense was prudent, reasonable, or standard practice for the lender (not just simply resubmit their original request). We will gladly reconsider.

Send your request to the:

SBA NGPC
CPC Unit
1145 Herndon Parkway, Suite 900
Herndon, VA 20170

Or email it to:

sbacpc@sba.gov

Lenders must state in the request that this is a resubmission of a previously denied legal expense.

Litigation Plans

The lenders are required by our SBA regulations to submit a litigation plan for all non-routine legal expenses and for any legal expenses over \$10,000. These litigation plans are sent to NGPC and then forwarded to the SBA District Counsel for approval.

Lender must have a litigation plan reviewed and approved by SBA when expenses are anticipated to be over \$10,000, or become more than \$10,000 as litigation progresses, or for any non-routine litigation regardless of cost.

It is a difficult situation when a lender requests reimbursement for legal expenses when the expenses are over \$10,000 and were not reviewed and approved in advance by the Agency.